

John Boehner  
Chairman  
8th District, Ohio

*House Meets at 10:00 a.m. for Legislative Business*

*Anticipated Floor Action:*

**H.R. 400—21st Century Patent System Improvement Act**



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**Floor Situation:** The House will consider H.R. 400 as its only order of business today. Yesterday, the Rules Committee granted an open rule that provides for one hour of general debate, equally divided between the chairman and ranking minority member of the Judiciary Committee. The rule waives all points of order against the bill and its consideration. It also makes in order a committee amendment in the nature of a substitute and waives points of order against the amendment. The rule grants priority in recognition to members who had their amendments pre-printed in the *Congressional Record*. It allows the chairman of the Committee of the Whole to postpone votes during consideration and reduce the voting time to five minutes for a postponed vote, so long as it follows a regular 15-minute vote. Finally, the rule provides for one motion to recommit, with or without instructions.

**Summary:** H.R. 400 amends current law governing the U.S. Patent and Trademark Office (PTO) in an effort to modernize the patent filing process for intellectual property created by U.S. inventors, as well as make it more efficient, fair, and secure. Specifically, the bill (1) transfers PTO from the status of government agency to a wholly government-owned corporation; (2) extends provisional infringement protection to patent applicants for their products while they await final patent approval; (3) provides a defense against a lawsuit for patent infringement whenever an inventor of an unpatented idea uses the invention but does not patent it; (4) enhances the rights of inventors to enter formal contracts that outline specific details of marketing, use, sales, and profits by the marketer, and establishes a cause of action for damages against companies who violate the terms of such contracts; and (5) improves procedures by which patent examiners' decisions are reviewed for inventions which are denied patent approval. CBO estimates that enactment will have no significant effect on the federal budget. H.R. 400 was introduced by Mr. Coble and was reported by the Judiciary Committee by voice vote on March 12, 1997.

**Views:****Republican Leadership:** Supports**Chairman Hyde:** Supports**Clinton Administration:** Supports

**Amendments:** At press time, the *Legislative Digest* was aware of the following amendments to H.R. 400:

**Mr. Coble** will offer a manager's amendment (#3) which includes several minor and technical changes to the bill. Specifically, the manager's amendment:

- \* allows small businesses and independent inventors to forestall their inventions from being immediately published when they apply for a patent. Current patent approval procedures include three stages of inspection and approval/rejection of a patent idea. After the second stage of inspection, the applicant has a fairly good idea of whether the application will be approved. The amendment allows the applicant to withhold the invention from publication until three months after the second inspection and approval—which, if the application were to be approved after a second inspection, it would be published anyway. If the application will not be approved, the owner can withdraw the application and avoid publication;
- \* preserves the current Patent and Trademark Office (PTO) practice of charging small businesses and independent inventors a reduced fee—usually, half of the standard patent fee—for filing a patent application;
- \* separates the policy and daily operational functions of PTO. Under the amendment, PTO will focus on the daily operations of approving patents, while the Commerce Department will take up policy formation and review for PTO. The intent of this provision is to further streamline PTO patent operations;
- \* requires that inventors be included as members of the PTO Advisory Board. This measure is intended to help maintain accountability and effective oversight of PTO's activities;
- \* strikes the PTO's ability to borrow money from private entities to fund its operations. PTO was previously allowed to borrow funds or raise fees in order to provide for its daily operational needs;
- \* terminates the ability of PTO personnel to accept gifts;
- \* allows inventors and universities which submit patent applications for approval to respond to a PTO examiner's inquiries without having to deduct the intervening time from their 17-year patent protection already provided in current law. This provision also applies to inventors who may be adversely affected by a 1995 change in PTO regulations which deducts their response time from the 17-year protection period; and

- \* narrows the limitation on multiple patent re-examination requests from a single inventor to a single proceeding. Under current law, when a patent application is denied final approval, the inventor may petition PTO directly to review the patent or file a lawsuit in federal court. The amendment will also apply to only those applications rejected prior to enactment. *Staff Contact: Mitch Glazier, x5-5741*

**Mr. Campbell** may offer either of two amendments (#1 or #2) to (1) require that patent applicants who file extensions to their applications allow their invention plans to be published after filing the continuation request, and (2) prevent commercial manufacturers of unpatented products from expanding their rights (as agreed to with the inventor) to make the product. The intent of the latter provision is to prevent a manufacturer from taking unfair advantage of an unpatented invention while he is not bound to pay royalties to its owner. *Staff Contact: Suhail Khan, x5-2631*

**Mr. Forbes** may offer one of several amendments (#4-#7) which (1) exempt small businesses and independent inventors from having to publish their patents before receiving a final patent grant, (2) limit the time period during which a party may request a patent re-examination to within nine months after the patent is granted, (3) specify that appointments to the PTO Advisory Board membership must include patent attorneys, examiners, small business representatives, or independent inventors, and (4) establish a patent term of 17 years from the date a patent is granted, or a 20-year term beginning with the date a patent application is filed. *Staff Contact: Mary Valentino, x5-3826*

**Mr. Hunter** may offer an amendment (#8) to include patent infringement as a crime under Title 18 of the U.S. Code. The amendment outlines punishments of up to (1) five years imprisonment, (2) a \$5 million fine, and (3) a possible order to pay restitution to the patent owner. *Staff Contact: Lorissa Bounds, x5-5672*

**Mr. Hunter** may offer an amendment (#9) to require that whenever an invention is submitted for a patent, different patent examiners must inspect the invention at each of the three stages of the approval process. The intent of this provision is to ensure that submitted applications are patent-worthy; installing a check-and-balance in the inspection system further solidifies the application process. *Staff Contact: Lorissa Bounds, x5-5672*

**Mr. Hunter** may offer an amendment in the nature of a substitute (#10) to (1) move the PTO “off-budget,” which prevents its fees from being used to fund other government programs (this provision differs from H.R. 400 in that it does *not* create a government-owned corporation); (2) require patent examiners to spend five percent of their duty time in examiner training, thereby ensuring that they possess the technical expertise necessary to review patent applications; and (3) exempt PTO from federally mandated full-time employee (FTF) requirements, which will enable PTO to hire examiners on a temporary basis, if needed, to effectively manage its caseload. *Staff Contact: Lorissa Bounds, x5-5672*

**Mr. Rohrabacher** may offer an amendment (#11) in the nature of a substitute to establish a firm 17-year patent for an invention from the date the patent is granted, or a 20-year patent term from the date the patent application was filed for approval. Applications which occur in stages will receive a 20-year term beginning on the filing date of the earliest application. The amendment also allows patents to be published under only three specific circumstances: (1) when information in the application is in the public domain in other countries at the time it is filed in the U.S.; (2) when an

application that has been filed with PTO for five years or longer—but not yet granted—will serve the public interest by being published; and (3) when the inventor deliberately withholds publication of the patent for personal gain, and seeks to take legal action against companies or individuals who unwittingly submit similar patents with PTO (referred to as “submarine” patents). ***Staff Contact: Richard Backe, x5-2415***

**Additional Information:** See *Legislative Digest*, Vol. XXVI, #9, April 11, 1997.




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